

REGULATION OF FIRMS BULLETIN: “PERMIT TO PRACTICE AND BUSINESS STRUCTURE”

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BULLETIN

All firms that engage in the practice of professional engineering or geoscience are required to have a Permit to Practice issued by Engineers and Geoscientists BC.

The *Professional Governance Act*, S.B.C. 2018, c. 47, defines "**firm**" to mean either:

- (a) a government registrant;
- (b) a legal entity or a combination of legal entities that is engaged in a regulated practice, whether the practice occurs solely within the firm or in the provision of services to a person or entity outside the firm, unless the legal entity or combination of legal entities is exempted from this Act by regulation of the Lieutenant Governor in Council

If your business or organization is practising professional engineering or professional geoscience, it is very likely to constitute a firm that requires a Permit to Practice. The current set of firms with a Permit to Practice includes corporations, partnerships, incorporated and unincorporated sole practitioners; for-profits, not-for-profits, and non-profits; municipalities and authorities having jurisdiction, statutory corporations, and government registrants.

Engineers and Geoscientists BC's current policy is that each legal entity engaged in regulated practice must hold its own Permit to Practice.

This means that:

1. a firm can only have one Permit to Practice; and
2. a Permit to Practice can only apply to one legal entity.

Only One Permit to Practice per Firm

Firms with diversified business units in the same corporation have asked whether these business units can maintain separate Permits to Practice. Engineers and Geoscientists BC's current approach is to have a single Permit to Practice for such a corporation.

Within the single Permit to Practice however, a firm can recognize the multiple business units by:

- a. naming one or more Responsible Registrants for each distinct business unit; and
- b. having separate unique sections of the Professional Practice Management Plan for each business unit.

Only One Firm per Permit to Practice

The engineering and geoscience professions are integrated into multiple industries. Corporate structuring decisions are often made for industry-specific reasons. In its approach to firm regulation, Engineers and Geoscientists BC wanted a simple and comprehensive approach to Permits to Practice in complex organizational structures. The most practical approach is to require each legal entity engaged in professional practice to obtain its own Permit to Practice.

For example, a parent company may own three subsidiaries. Each of the subsidiaries practices professional engineering in a different region of the province. The parent owns the three subsidiaries but does not itself engage in professional practice. In this scenario, each of the three subsidiaries requires its own Permit to Practice. As the parent company does not practice professional engineering, it does not need a Permit to Practice. It may make sense for the three subsidiaries to have nearly identical Professional Practice Management Plans.

As the Permit to Practice Program matures, Engineers and Geoscientists BC will continue to review how Permit to Practice requirements work with affiliated firms and complex corporate structures. Accordingly, Engineers and Geoscientists BC reserves the right to change its policy with respect to corporate structures and Permits to Practice in future.

Joint Ventures

If a joint venture ("JV") involves the practice of professional engineering or professional geoscience, that professional practice must be done under a Permit to Practice. There are three general options when a JV is engaged in professional practice:

1. if the JV is a distinct legal entity, it requires its own Permit to Practice;
2. if the JV is not a distinct legal entity, then:
 - a. if only one of the venturers has a Permit to Practice, Engineers and Geoscientists BC considers the JV's practice to be under that Permit to Practice;
 - b. if more than one of the venturers has a Permit to Practice, a fact-specific analysis must be made to determine what aspects of the JV's practice is occurring under which Permit to Practice.

Organizations participating in a JV can avoid uncertainty by obtaining a separate Permit to Practice for the JV, or by clearly defining what aspects of the JV's professional practice are affiliated with which Permit to Practice.

Legal Changes in Firm Structure

Some events in a firm's lifecycle require it to notify Engineers and Geoscientists BC. The list can be reviewed in s. 5.32(4) of the [Bylaws](#), which include a merger, amalgamation, acquisition, closure, dissolution, or entering insolvency proceedings.

ABOUT REGULATION OF FIRMS BULLETINS

These bulletins are intended to address emergent or novel topics in a timely manner. Each bulletin provides Engineers and Geoscientists BC's interpretation of how Professional Registrants and Registrant Firms should approach the topic. The contents of the bulletins will be incorporated into broader regulation of firms guidance documents as those documents are revised.